

Message Text

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PAGE 01 STATE 087178
ORIGIN EB-08

INFO OCT-01 ISO-00 SIG-03 /012 R

66011

DRAFTED BY EB/IFD/ODF:THOMAS PARKER, JR.

APPROVED BY ALEXANDER F. WATSON

-----117537 051121Z /21

R 050224Z APR 78

FM SECSTATE WASHDC

INFO RUFNPS/AMEMBASSY PARIS 8314

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY ROME

AMEMBASSY OTTAWA

AMEMBASSY BUCHAREST

AMEMBASSY WARSAW

AMEMBASSY SOFIA

USMISSION USNATO

C O N F I D E N T I A L STATE 087178

USOECN ALSO FOR EMBASSY, USEEC ALSO FOR EMBASSY

FOLLOWING REPEAT TOKYO 5236 ACTION SECSTATE MAR 30.

QUOTE: C O N F I D E N T I A L TOKYO 05236

PASS TREASURY AND EXPORT-IMPORT BANK

E.O. 11652: GDS

TAGS: ETRD, EFIN, ECON

SUBJECT: EXTENSION OF JAPANESE CREDIT LINES TO EASTERN
EUROPEAN COUNTRIES

1. SUMMARY: AFTER CONSIDERING CAREFULLY WHAT EUROPEAN
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COUNTRIES AND CANADA HAVE DONE CONCERNING THEIR CREDIT
LINES TO EASTERN COUNTRIES, GOJ DECIDES TO EXTEND UNUSED
PORTION OF CERTAIN EXISTING CREDIT LINES FOR ANOTHER
YEAR. END SUMMARY.

2. MITI OFFICIAL ADVISED EMBOFF TODAY (THURS, MARCH 30)
THAT AFTER CAREFUL DELIBERATION, TAKING INTO ACCOUNT

ACTIONS BY EUROPEAN COUNTRIES AS WELL AS CANADA CONCERNING THEIR CREDIT LINES WITH EASTERN COUNTRIES, THE GOJ HAS COME TO THE CONCLUSION THAT IT WOULD BE A RATHER SERIOUS INJUSTICE BOTH TO JAPANESE EXPORTERS AND TO PARTNER COUNTRIES TO REFUSE REQUESTS SIMPLY TO EXTEND THE TERM OF VALIDITY OF JAPAN'S EXISTING CREDIT LINES WITH SOME EASTERN COUNTRIES. MITI OFFICIAL SAYS THAT GOJ HAS DONE NOTHING MORE THAN MAKE THE UNUSED PORTION OF EXISTING CREDIT LINES AVAILABLE FOR ANOTHER YEAR WITHOUT CHANGING ANY TERMS AND WITHOUT ADDING TO THE AMOUNT OF THE CREDIT LINES. ALL SUCH CREDIT LINES HAVE BEEN COMMUNICATED TO THE OECD SECRETARIAT ACCORDING TO THE APPROPRIATE PROCEDURE.

3. IN RESPONSE TO QUESTIONS, MITI OFFICIAL SAID THAT THE FOLLOWING LINES OF CREDIT, ALL DUE TO EXPIRE MARCH 31, HAVE BEEN EXTENDED FOR ONE YEAR. OUT OF THE \$450 MIL ORIGINAL CREDIT LINE FOR POLAND, \$380 MIL REMAINS UNUSED. OUT OF THE ORIGINAL \$330 MIL LINE TO RUMANIA, \$230 MIL REMAINS UNUTILIZED. IN THE CASE OF THE BULGARIAN LINE, CONFIDENTIAL

\$275 MIL OUT OF THE ORIGINAL \$280 MIL REMAINS UNUTILIZED. ALL THREE OF THESE CREDIT LINES WERE NEGOTIATED IN APRIL 1976 BEFORE THE PRESENT CONSENSUS CAME INTO FORCE. WE ARE TOLD THAT THE FOREGOING FIGURES ARE ON A CONTRACT CONFIDENTIAL

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BASIS AND THUS PRESENT THE MAXIMUM UNUTILIZED LINE WHICH WOULD BE AVAILABLE. IN FACT, NEGOTIATIONS UNDER THESE LINES ARE IN MANY CASES ADVANCED AND IF THIS FACTOR IS TAKEN INTO ACCOUNT THE AMOUNTS EXTENDED WOULD BE CONSIDERABLY SMALLER. IN THE CASE OF THE POLISH LINE, WE ARE TOLD THAT IF ALL CREDITS PRESENTLY UNDER NEGOTIATION WERE UTILIZED (OF COURSE, NOT ALL WILL BE UTILIZED IN FACT), THE LINE ITSELF WOULD BE OVERDRAWN. IN THE CASE OF RUMANIA, PRESSURES ARE SUCH THAT A NEW AND LARGER LINE IS BEING CONSIDERED. THE BULGARIAN LINE ALONE APPARENTLY HAS NOT BEEN VERY ACTIVE.

4. DEPT PLS REPEAT AS DESIRED. MANSFIELD
UNQUOTE VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE087178
Document Source: CORE
Document Unique ID: 00
Drafter: THOMAS PARKER, JR.
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780146-1182
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780489/aaaacxut.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8bfaedb5-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3064392
Secure: OPEN
Status: NATIVE
Subject: EXTENSION OF JAPANESE CREDIT LINES TO EASTERN EUROPEAN COUNTRIES
TAGS: ETRD, EFIN, ECON, JA, XH
To: USOECD PARIS MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8bfaedb5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014